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ABSTRACT

On the eve of the year 2000, global public spending on education tops one trillion dollars. Against the backdrop of globalization, public education is currently being subjected to attacks by proponents of privatization and deregulation. The process is already underway, as is apparent from an important agreement reached by the World Trade Organization (WTO) in 1994, which allowed the liberalization of trade in services. With the General Agreement on Trade in Services (GATS) came open discussions about promoting international trade in education services. There is a risk that the WTO's initiatives will clash with the principles upheld by those who value quality in public education. This publication describes: the expansion of international trade; the GATS; four forms of international trade in education; the WTO and the education market; new trends in education; the effect of international trade on higher education; education in the sights of GATS; New Zealand and the risky gamble of liberalization; the key issue of funding; and what is at stake for public education against the backdrop of globalization in the new millennium. An appendix presents education services in the GATS scheduling guidelines. (SM)

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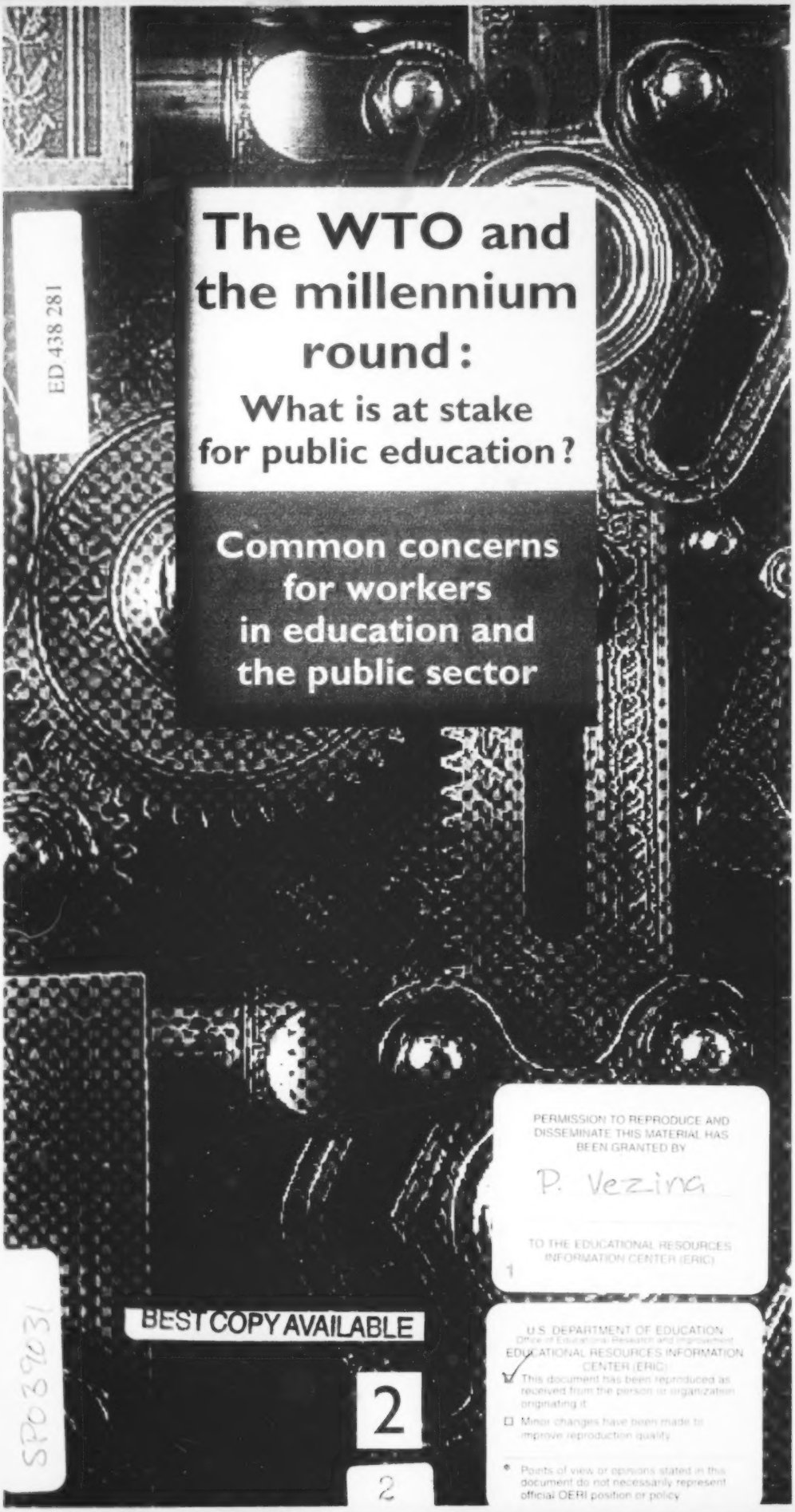

The WTO and the millennium round:

What is at stake for public education?

Common concerns for workers in education and the public sector

ED 438 281

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This is one in the series of *"Common concerns for workers in education and the public sector"*, produced jointly by PSI and EI. The papers in this series are meant to serve several purposes: to help trade unionists understand some of the issues; to enable trade union educators to run short sessions on education and public sector issues with their members; to provide material for union leaders writing speeches or informational material for wider audiences; and for distribution to a range of interested people. Further copies can be obtained from:

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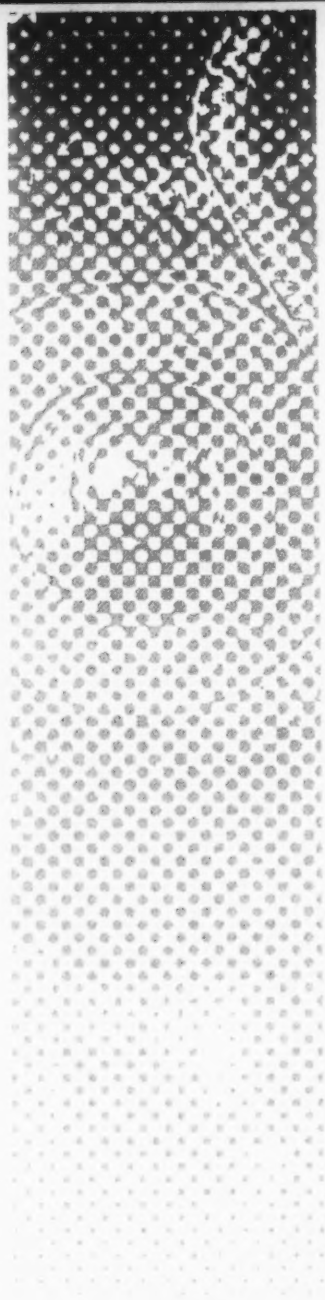
1. The WTO and the GATS: What is at stake for public health?
2. The WTO and the Millennium Round: What is at stake for public education?



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EXECUTIVE SUMMARY

On the eve of the year 2000, global public expenditure in the education sector substantially exceeds one thousand billion dollars. This covers more than 50 million teachers, a billion students, as well as hundreds of thousands of educational establishments. Some see this immense bloc as a dream "market" for future investments. Indeed, following the example of other large-scale public services, public education is currently being subjected to attacks by the proponents of privatisation and deregulation, who would like to see the education sector dismantled by subjecting it to the electric shocks of international competition.

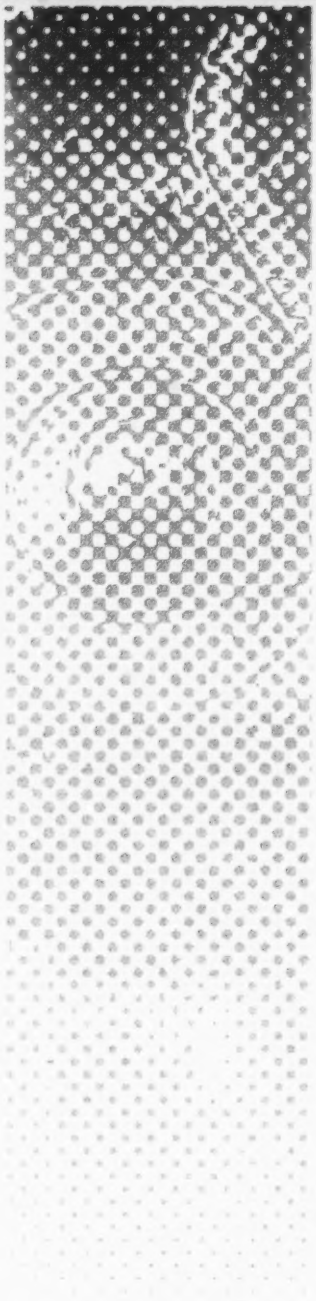
The millenium round and trade in education services

This process was already begun in 1994, as can be seen in the signing by the WTO of the General Agreement of Trade in Services, which aimed at the liberalisation of trading in services. Since then, there has been frank and open discussion of a desire to encourage an international trading of education services, treating them as if they were simple goods. The WTO was mandated to re-launch negotiations on the trading of services and a final decision should be reached in November, following the start of the Millenium Round, i.e. the new round of negotiations in favour of global free trade. Some Member states would probably like to go further, an attitude which is causing increasing concern among the defenders of public education.

International trade in goods and merchandise is a relatively simple concept as it deals with the exchange of material goods. A product is transported from one country to another, where it is sold. The trade in services, in light of their immaterial nature, is a far more varied phenomenon. This variety can be seen within the education sector : study abroad, education delivered by foreign teachers, long-distance learning between countries, creation of foreign establishments. In addition, the global trade in education services is experiencing an extremely rapid growth, encouraged notably by the accelerated development of new information technologies.

Increased pressures in favour of privatisation

The obstacles in the path of a liberalisation of trade generally take the form of non-tariff barriers. Within the education sector, these measures often stem from government regulations such as limitations on the mobility of students, the refusal to recognise foreign establishments - including the permission to award qualifications -, measures aimed at discouraging investment abroad, conditions relating to nationality, limits on the recruitment of foreign teachers, the existence of public monopolies, the financing of national establishments, etc. It is these measures that the promoters of free trade - lead by a phalanx of transnational enterprises - wish to see weakened, even abolished.



As international trade in the field of education takes a variety of forms, its liberalisation results in repercussions of a totally different nature from one form to another. For example, favouring exchanges between teachers and researchers does not have the same implications as the opening up of educational programmes to international commercialisation.

With the signing of the GATS, several countries agreed, in varying degrees, to open up their education sectors to international trade. In certain cases, according to the commitments which have been undertaken, this could lead to increased pressure in favour of the privatisation of education.

An issue to be monitored closely

At the time when Education International is launching its global campaign in favour of a quality public education for all, the renegotiation of the GATS will no doubt adopt a particular approach. On the one hand, there is a great risk that the initiatives implemented by the WTO will conflict with the principles espoused by the supporters of public education. On the other hand, these discussions put many things of a social nature at stake: erosion of national sovereignty, the capacity of governments to maintain social and cultural protection, etc. All the necessary ingredients are present for dealing directly with those trade union organisations that operate in the public sector, including the field of education.

INTRODUCTION

On the threshold of the twenty-first century, global public spending on education tops one trillion dollars. This figure represents the costs of over 50 million teachers, one billion pupils and students, and hundreds of thousands of educational establishments throughout the world. Education therefore constitutes a huge sector, which some observers are already describing as a colossal "market". Against the background of globalisation, and with free trade being put forward as a cure-all by the champions of economic laissez-faire, education is now "in the sights of entrepreneurs", as Gérard de Sélys puts it[1].

At the same time, the explosion of the New Communication and Information Technologies (NCITs) is resulting in an unprecedented expansion of distance learning and the emergence of "virtual university campuses". This revolution, brought about by the NCITs and fuelled by the spectacular development of the Internet, is already causing profound and increasingly rapid changes.

These changes are taking place at a time when public services are being criticised in all countries as a result - among other factors - of a strong trend towards a curtailment of the role of the State. Public education is no exception to this rule and, often faced with chronic under-funding, is under severe pressure almost everywhere.

In the wake of other major public services - such as telecommunications, the railways and even the health service - which have been subject to extensive privatisation and deregulation, public education is increasingly being targeted by predatory and powerful entrepreneurial interests. The latter are aiming at nothing less than its dismantling by subjecting it to international competition. Higher education is particularly threatened by this upheaval[2].

Indeed, the process is already under way, as is apparent from an important agreement reached by the World Trade Organization (WTO) in 1994 which allowed the liberalisation of trade in services. With the General Agreement on Trade in Services (GATS), came what were probably the first open discussions about promoting international trade in education services as if these were every-day consumer goods. Pursuant to the Declaration of Marrakesh of 1994, the WTO has a mandate to relaunch negotiations on trade in services by the beginning of the year 2000. A decision to that effect is expected in November 1999, on the occasion of the Third Ministerial Conference of the WTO. If such a decision is reached, it is probable that some member States will want to press forward along the path of liberalisation.

At a time when Education International is actively engaged in a worldwide campaign to protect and promote quality public education systems for all, the negative implications of such a development would be hard to ignore. In fact, there is a major risk that the WTO's initiatives will clash head-on with the principles upheld by all those who value a quality public education system.

1 Gérard de Sélys, *L'École, grand marché du XXIe siècle*, Le Monde Diplomatique, June 1998.

2 A definition of the various categories of education discussed in this text is provided in an Annex.

From the GATT to the WTO

One of the key dimensions of economic globalisation is no doubt the huge expansion of international trade. The latter has indeed increased tenfold since 1945, particularly as a result of the trend towards trade liberalisation. In 1997, the value of global trade reached US$5.47 trillion[3]. However, economies have developed in such a way that today the provision of non-governmental services amounts to US$12 trillion, representing over 60% of the GDP of industrialised countries and 50% of that of developing countries[4]. Although its development began at a later stage, global trade in services has also experienced an unprecedented boom. In 1997, it amounted to US$1.295 trillion, equivalent to about one-fourth of the overall figure for global trade in commodities, and it is set to grow rapidly, particularly as a result of the emergence of large free-trade areas and the swift development of NCITs.

For almost fifty years, the task of monitoring and regulating international trade was fulfilled by a permanent negotiating forum. The General Agreement on Tariffs and Trade (GATT), under which member States had the status of contracting parties, had a twofold role. It was designated, at one and the same time, as a permanent forum for negotiations and as an international agreement, that is, the document laying down the rules for the conduct of international trade.

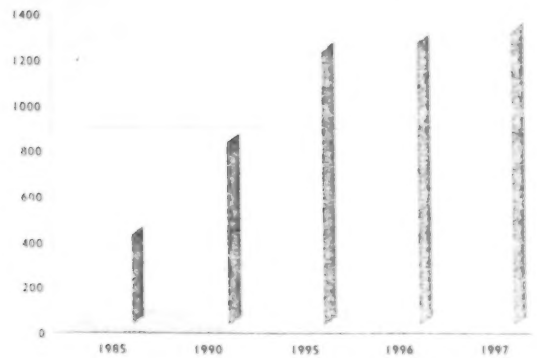
In 1995, GATT was replaced by the WTO, an international organisation which currently groups 134 member countries. Specifically, the WTO is responsible for the implementation of the agreements reached during the last GATT Round (the so-called *Uruguay round*) and signed in Marrakesh in April 1994. The *Uruguay round* was the most important trade negotiation in the history of humankind. However, whereas the GATT for a long time only governed trade in commodities, the WTO Agreements are now applicable to investments, services and copyrights.

As the sole international body mandated to establish the rules governing trade between countries, the WTO seems clearly set to broaden the scope of its action in the future. In this respect, the WTO Agreements play a central role, constituting, as they do, the basic regulatory framework for international trade and the development of trade policies. The agreements have three main objectives: promoting trade liberalisation as much as possible, progressively increasing this liberalisation through negotiations and, lastly, establishing mechanisms for the settlement of disputes.

3 Any amounts expressed in dollars in the text refer always to US dollars.

4 Jean-Paul Frétillet and Catherine Véglio, *Le GATT démystifié*, Syros, 1994.

DEVELOPMENT OF INTERNATIONAL TRADE IN SERVICES (IN BILLIONS OF US$)



Source: Compiled on the basis of WTO figures.

The General Agreement on Trade in Services (GATS)

International trade in commodities is a relatively simple notion since it concerns the exchange of material goods. A given product is transported from one country to another where it is sold. On the other hand, trade in services - because of the latter's non-physical nature - is a much more varied phenomenon and its representation is more complex. For example, airline companies, telephone companies, banks and accounting firms provide and export their services in very different ways.

The General Agreement on Trade in Services (GATS) was, in 1994, the first multilateral agreement to be concluded on trade in services as a whole. Given that services account for almost two-thirds of the activities carried out in the industrialised economies, it was inevitable that the GATT and its successor, the WTO, should one day tackle this area as one of their major concerns. All the more so, considering that transnational companies specialising in the provision of services, including financial services, telecommunications, transport, health, etc. - have for some time been exercising increasingly strong pressure with a view to selling their products more freely on the world market. In the first place, the United States took the initiative in the course of the Uruguay Round, to transpose the provisions of the GATT, which already governed trade in commodities by proposing the opening into the area of services as a whole. Advocating a much more gradual liberalisation process, the European Union and a number of developing countries managed to moderate the Americans' zeal, and the result was an agreement more limited in scope.

Nevertheless, the two basic principles underlying the GATT (commodities) were preserved and adapted in the GATS (services). The two principles in question are that of *the most favoured nation and of national treatment*. The first of these requires any GATS member country which grants favourable treatment to another country as regards the import or export of services to grant the same treatment to all other GATS signatories.

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The *national treatment* principle stipulates that foreign companies which are present in the market of a given country must benefit from treatment at least as favourable as the national companies operating in that same market.

THE GATS IN A NUTSHELL

The General Agreement on Trade in Services (GATS) is the first ever set of multilateral, legally-enforceable rules covering international trade in services. GATS operates on three levels: the main text containing general principles and obligations; annexes dealing with rules for specific sectors; individual countries' specific commitments to provide access to their markets. GATS also has a fourth element : lists showing where countries are temporarily not applying the "most-favoured-nation" principle of non-discrimination. These commitments - like tariff schedules under GATT - are an integral part of the agreement. So are the temporary withdrawals of most-favoured-nation treatment. Negotiations on commitments in four sectors have taken place after the Uruguay Round. A full new services round will start no later than 2000.

Source: WTO

The GATS therefore implies a commitment to liberalise services on an ongoing basis through periodic negotiations. At the global level, it is the first multilateral agreement on investment, since it covers not only cross-border trade, but all possible means of supplying a service, including the right to establish a commercial presence on the export market. The service is thus supplied by a foreign company operating in a host country and, hence, it is supplied through investments abroad. This close link between trade and investment policies has been recognised for a long time. Over the years, the GATT and subsequently the WTO have become increasingly interested in certain aspects of this relationship.

Four forms of international trade in education

Since the definition of the services covered by the GATS excludes services provided under government authority and without a commercial purpose (Article I.3 of the GATS), one could be led to believe that education remains outside the scope of the Agreement. This, however, is not the case. In order to meet these criteria fully and therefore be excluded from the scope of application of the GATS, the education system of the country in question must be completely financed and administered by the State and, moreover, must not have any commercial purposes. As very few - if any - education systems remain which fulfil these conditions, most if not all of them fall within the scope of application of the Agreement. In fact, the vast majority of countries have mixed systems, in which the private sector plays a more or less significant role and competes with the public sector. It could even be argued that courses offered by public institutions which require the payment of fees fall within the category of "commercial activity" and are therefore covered by the Agreement. An accurate assessment of the true scope of the agreement requires experience in the interpretation of "economic-legal" texts. In terms of the Agreement, the WTO identifies four forms of trade in services:

- a) The *cross-border supply of a service* from the territory of a member country to another member country. In the case of the education sector, distance education is included in this category. When the institution of given country **A** provides distance courses to another country **B**, then country **A** is deemed to be exporting education services to country **B**.

- b) The *consumption abroad* by the citizens of a member country on the territory of another member country. In the education sector, the most common example is undertaking a course abroad. When a student from a given country **A** takes a course in country **B**, the latter is deemed to be exporting education services to country **A**.

- c) The *commercial presence* of a service supplier from a member country on the territory of another member country, enabling the supplier in question to provide a service on that territory. In the education sector, the activities carried out by foreign universities or other institutions fall within this category. Thus, when an institution from country **A** is implanted in country **B** to perform education activities in the latter, country **A** is exporting its services to country **B**.

- d) The *presence of natural persons* enables a form of trade resulting from the mobility of people from one member country which supply a given service in another country. As far as education is concerned, courses offered by foreign teachers are a classic example of this. When a teacher from country **A** teaches in country **B**, his or her own country becomes an exporter of education services to country **B**.

The GATS has therefore instituted a general framework and an agenda intended to progressively liberalise international trade in services. The Agreement must therefore be seen as the first step or launching of a process rather than as its final outcome. It defines the broadest possible starting point to liberalise trade in services in the future. Article XIX is very clear in this respect, establishing as it does that "*(...) Members shall enter into successive rounds of negotiations, beginning not later than five years from the date of entry into force of the Agreement Establishing the WTO and periodically thereafter, with a view to achieving a progressively higher level of liberalization. Such negotiations shall be directed to the reduction or elimination of the adverse effects on trade in services of measures as a means of providing effective market access*"[5].

It is only a small step from this to saying that the existence of certain national regulations can impede the liberalisation so fervently advocated by transnational companies and the WTO. For example, when the liberalisation of trade in a given service implies that a company will be able to establish itself abroad, without restrictions, the question of the deregulation of the national market is posed more or less pressingly depending on the activities and the country concerned. Furthermore, this process can involve a possible encroachment on national sovereignty, as apparent from the disagreements that emerged during the negotiations for the Multilateral Agreement on Investment (MAI). In this context, the fact that many services traditionally supplied by the public sector end up in the hands of the private sector, or are targeted by the advocates of privatisation, is giving rise to considerable concern among all those who wish to protect the essential role of the public services in the future. The subordination of education to market forces may well undermine its accessibility and aggravate social inequalities. Public education is undoubtedly facing this danger in several countries today.

5 *General Agreement on Trade in Services (GATS)*, Article XIX, WTO, 1999.

The WTO and the "education market"

Although for teachers, students and a majority of citizens, the term "education" is usually associated with "public service", thus suggesting activities whose aim is non-commercial, the WTO has a rather different view of the matter. The systematic use in its documents of expressions such as "the education market" is highly indicative of the commercial approach which characterises this institution's entire discourse. Betraying a view of education marked by a rather disturbing reductionism to economic criteria, the WTO Council for Trade in Services has mapped out this sector in an internal document[6].

Within the WTO, the education "market" is divided into five categories, which are primary education, secondary education, higher education, adult education and other education services (Please see **Annex I** for a more detailed description). However, the rapid evolution of the education sector has given rise to new teaching-related activities which cannot be easily classified a priori and which in some cases make international comparisons difficult. It should be noted, in any case, that the classification used by the WTO is that of the United Nations. Consequently, for the purposes of the GATS, child-care services fall within the category "health and social services" rather than "education", but are also covered by the Agreement[7].

After recognising the role of education as a promoter of economic growth, the WTO points out that, in the last ten years, the proportion of public spending assigned to education has nevertheless remained more or less stable as a percentage of GNP in most regions of the world. In industrialised countries, it amounts to about 5%, whilst in developing countries it is in the order of 4 per cent. The data in Table 1, however, shows that some less developed countries (LDC)[8], notably in Africa and Southern Asia, have not managed to maintain their relative level of spending on education. As only the period up to 1994 is covered, these statistics obviously do not take account of the important effects of the global financial crisis on the funding of public services, particularly in South-East Asia, Eastern Europe and Latin America.

Other data - not included here - would show that, in a majority of countries, the public sector has remained the main source of funding, even though the role of the private sector varies considerably from one country to another, at least within the OECD area[9]. Since primary and secondary education are generally considered a fundamental right, both these levels are usually provided by the public sector but, in certain cases, it is difficult to distinguish between the financial participation of the public sector and that of the private sector. This is the case, in particular, where the State subsidises private-sector establishments offering similar services to those provided by the public sector. We shall

6 World Trade Organisation, Council for Trade in Services, *Background Note by the Secretariat on education services*, september 1998.

7 To get an idea of the degree of openness of this sector following the signing of the GATS, it would be necessary to examine the "health and social services sector", which has not yet been done.

8 We believe this is a tendentious term to designate the less favoured countries among developing countries. We only make use of this term reluctantly, in view of its widespread use.

9 This is the Organisation for Economic Cooperation and Development, which bring together the 29 richest countries in the world.

return to the question of funding. Whatever the WTO jargon may or may not imply, basic education - i.e. the primary and secondary levels - essentially constitutes a service provided within the framework of the exercise of governmental powers. In principle, therefore, this area should be outside the scope of implementation of the GATS. We shall see, however, that this is not the case and that, during the *Uruguay Round*, certain countries committed themselves to opening up - to a greater or lesser extent - the private component of their primary and secondary education systems to foreign investment.

TABLE 1
PUBLIC SPENDING ON EDUCATION AS PERCENTAGE OF GNP AND PER CAPITA

Continents, major regions and groups of countries	Public spending on education as % of GNP				Public spending on education per capita (USD)			
	1980	1985	1990	1994	1980	1985	1990	1994
Total worldwide	4.8	4.8	4.8	4.9	126	124	202	252
Africa	5.3	5.7	5.6	5.9	48	40	41	41
America	4.9	4.9	5.2	5.3	307	375	521	623
Asia	4.0	3.9	3.7	3.6	37	39	66	93
Europe	5.1	5.1	5.1	5.4	418	340	741	982
Oceania	5.6	5.6	5.6	6.0	467	439	715	878
Developing countries	3.8	4.0	4.0	3.9	31	28	40	48
Sub-Saharan Africa	5.1	4.8	4.8	5.6	41	26	29	32
Arab States	4.1	5.8	5.8	5.2	109	122	110	110
Latin America and Caribbean	3.8	3.9	4.1	4.5	93	70	102	153
Asia-Pacific	2.8	3.1	3.0	3.0	12	14	20	36
Southern Asia	4.1	3.3	3.9	3.4	13	14	30	14
Less advanced countries	2.9	3.0	2.7	2.5	9	7	9	9
Industrialised countries	5.1	5.0	5.0	5.1	487	520	914	1 211

Source: UNESCO Statistical Yearbook (1998).

New trends

Rapid change within education systems has led to a multiplicity of new teaching methods, and new ways of learning have replaced the traditional methods. Higher education is going through a period of intense change and already offers educational opportunities to a much larger section of the youth and adult population, than ever before. The rate of participation in higher education is increasing in most OECD countries and this applies to adolescents and young adults. Education systems have therefore reacted by diversifying their syllabuses, structures and ways of delivering the service. New types of establishments have emerged, providing non-university courses, including part-time courses, evening classes, in-service courses and distance learning[10]. In several countries, students enrolled in these courses represent a significant proportion of the overall student population in higher-education.

Among the new trends that have emerged, "twinning agreements" and distance learning are becoming increasingly popular. "Twinning agreements", frequent in South-East Asia, are institutional arrangements providing a commercial presence. They enable private higher-education establishments from a given

10 OECD, *Education policy analysis*, 1997.

country to offer courses leading to degrees issued by a foreign university. Some of these agreements result in the "franchising" of certain elements of the activity, for example specific courses and programmes[11]. For its part, distance learning is gaining momentum and seems set to experience a phenomenal boom with the advent of ever more sophisticated technologies: audio-conferences, video-conferences, new programmes for micro-computers, CD-ROMs and, of course, the Internet. In short, the forms and structures of higher education are in the process of being revolutionised.

The heyday of traditional universities, with their campuses, lecture-rooms and flesh-and-bone teachers is perhaps over. Traditional institutions are increasingly being outshone by their "younger virtual sisters". To give an example, the University of California Los Angeles (UCLA) Extension School in United States, in cooperation with the Home Education Network, is offering some 50 courses on the Internet, catering for students in 44 American States and eight different countries. Also in the USA, 55% of the 2,215 existing colleges and universities were offering distance courses in 1997. Over one million students were logging into these virtual courses, and their numbers were expected to triple by the year 2,000. In its June 1997 issue, Forbes magazine even published the list of the 20 best "cyber-universities" offering courses leading to degrees[12].

Another example of a virtual campus is that of the Western Governors' University (WGU), a type of virtual supermarket of learning, which works in partnership with private corporations such as IBM, AT&T, Cisco and Microsoft. The WGU is an independent non-profit organisation which issues diplomas but which does not employ teaching staff directly and does not develop its own courses. The contents of its programmes are prepared by external teachers who normally work for other public or private institutions. WGU communicates with its students through the Internet and other means of distance learning[13].

It should of course be stressed that these remarks are not intended to call into question the numerous potential advantages of using the NICTs. Among other benefits, the new technologies can contribute to breaking through the isolation of certain communities while at the same time facilitating the task of teachers. But when these technologies are introduced as part of a single-minded effort to commercialise education, they may well give rise to more problems than benefits.

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11 One example is the "franchising" of the fine art and drawing courses of the London Institute (United Kingdom) to the Bandar Utama College in Malaysia

12 Lisa Gubernick and Ashlea Ebeling, *I got my degree through E-mail*, in Forbes, June 1997

13 World Trade Organisation, Council for Trade in Services, *Background note by the Secretariat on education services*, September 1998, p. 6.

EXIT TEACHERS?

In a paper presented to the World Conference on Higher Education in October 1998, Didier Oilo outlined the profound changes experienced by the world of education. He asked himself frankly whether buildings, lecture-rooms and conference halls were bound to disappear to give way to digital spaces and virtual places of learning. "Will teachers be replaced by digitalised systems or will they be caught up in the whirlwind of change? Will they all be capable of redefining their role or will they passively suffer the changes imposed by globalisation? "[14]

Let us for a moment leave the conference hall and its theoretical debates. Phoenix University in the USA is a private profit-making enterprise offering courses in virtual mode. One hour of cyber-education costs the student US$237 whereas one hour of conventional education at the Arizona State University, in the same State, costs US$ 486, i.e. more than double the amount. Why this difference? It is due primarily to salary costs which are US$247 an hour at Arizona State University compared with US$46 at Phoenix University. No doubt this provides food for thought for all those higher-education managers engaged in the cost-containment rat race.

In Europe, other developments are disturbing the higher education sector, which must adjust as much as possible to the new environment. Indeed, the WTO recalls that several countries have replaced detailed regulations on the functioning of universities with new "framework laws" which outline the major objectives and leave the individual institutions free to chose the means of achieving them. Thus the State accords them a higher degree of autonomy while at the same time reducing the level of funding provided. This results in increased competition between educational establishments to seek new sources of finance. Such a dynamic, which pushes institutions into cutting back their costs and increasing their income by all available means, leads universities to adopt the behaviour of commercial companies. One consequence of this is that the conquest of foreign markets has become a common strategy among higher education institutions.

In January 1999, the daily *Le Monde* presented the new offensive developed by France to increase its share of the higher education "market"[15]. The Ministers of Foreign Affairs and Education announced the creation of the Edufrance Agency, which brings together representatives of the government, universities and major professional colleges and whose aim is to promote the French offering of higher education on the world "market". It was explained at the time that the novelty (sic) of this initiative lay in viewing the area of education at the international level as a market. This implied that French universities were moving away from a public-service logic to compete on the global market, particularly with North American universities.

In Asia, the restructuring of State-run universities has enabled the creation of private universities. Certain foreign institutions have also been authorised to provide higher education services[16]. The Malaysian government has even adopted a policy encouraging universities to follow private-company practices. Universities are urged to take up profit-making activities in order to cover part of their funding requirements. As a consequence of this, there is increased competition between institutions and more involvement on the part of companies and private investors in the higher education sector.

14 Didier Oilo, *Du traditionnel au virtuel: les nouvelles technologies de l'Information*, in "Débats thématiques en bref", reference document of the World Conference on Higher Education, UNESCO, Paris, 5-9 October 1998.

15 Claire Tréan, *La France se lance sur le "marché" des études supérieures*, in Le Monde, 12 January 1999, p. 16.

16 Martin Rudner, *International Trade in Higher Education Services in the Asia Pacific Region*, World Competition 1997 (21) no 1, pp. 88-116.

To sum up the situation, the tendency to commercialise education is increasing more or less everywhere. The globalisation of the economy is acting as a powerful catalyst in this process of transformation whereby a sector traditionally regarded as a public service is turning into an increasingly attractive market for major national and foreign corporations. Although the international trade in education services is not a new phenomenon (for a long time now, there have been students and teachers working or following courses abroad), it is today assuming new forms and undergoing a rapid expansion.

Higher education: a booming business...

The WTO mentions considerable growth in this area of trade, particularly at the higher education level. In addition to the ever larger number of students who follow courses abroad, other forms of exchange are also on the increase, including, for example, the development of links between teachers and researchers, the international marketing of programmes, the establishment of new "branches" of universities, and the setting up of international mechanisms means for cooperation between establishments in different countries[17].

In 1995, international trade in higher education was estimated at US$27 billion. Most of this trade was in the form of consumption abroad, that is, through the presence of students abroad (see Table 2). At the beginning of the 1990's, there were over 1.5 million students following courses at an establishment located in a country other than their own. Furthermore, UNESCO data gathered over several years showed that the United States held first place among the countries exporting education services, followed at some considerable distance by France, Germany and the United Kingdom.

Without a major proportion of the U.S. economy in terms of turnover, the export of education services (US$7 billion in 1996) was sufficiently important to rank fifth among the services exported by United States. However, for the U.S. government, it is above all its strategic character, as well as its huge growth potential, which makes this sector so attractive. In 1996, 58% of such exports were to Asia (Japan, China, Taiwan, Malaysia, India, Indonesia and Korea). It should be noted that these figures do not take account of in-service training - an activity which is also on the increase globally.

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17 Ibid.

TABLE 2
TEN TOP EXPORTERS
OF HIGHER EDUCATION SERVICES
(SUPPLIED ABROAD)

Host country	Year	Total number of students
United States	1995/96	453 787
France	1993/94	170 574
Germany	1993/94	146 126
United Kingdom	1993/94	128 550
Russia	1994/95	73 172
Japan	1993/94	50 801
Australia	1993	42 415
Canada	1993/94	35 451
Belgium	1993/94	35 236
Switzerland	1993/94	25 307

Source: UNESCO Statistical Yearbook (1997).

While at present *consumption abroad* still represents the main component of trade in education services, the setting up of establishments abroad by education services suppliers seems to be increasing significantly, although no data is available on this development. In fact, several Asian countries allow foreign universities to establish "branches" on their national territory. The above-mentioned "twinning agreements" also constitute a form of commercial presence. Indeed, the WTO points out that such agreements are frequent in South-East Asia where certain higher-education establishments in the region offer courses leading to foreign university degrees[18].

We have no statistical data available on the other two forms of trade in education services, namely the *presence of natural persons* (teachers working abroad) and *cross-border supply*. In the former case, certain sketchy reports point to an increase in this type of service, while in the latter case we can expect distance learning - including its international dimension - to snowball in coming years.

It is easy to imagine the extent of the potential repercussions of this booming international trade in education services on the higher education system in certain countries and, more generally, on education as a public service. The quest for new sources of funding and new investors is already pushing a number of university institutions down the slippery slope of commercialisation, with all the negative consequences this may have. As with other services, however, the existence of numerous obstacles to wholesale liberalisation is preventing the introduction of free trade from achieving a higher "cruising speed" in the area of education. The GATS negotiations, needless to say, will aim precisely at eliminating as many of these obstacles as possible.

... which however is coming up against national regulations

There are obviously many such obstacles. As regards *consumption abroad*, any measures limiting student mobility - immigration regulations, exchange controls, non-recognition of equivalent qualifications, etc. - constitute many of the restrictions on this kind of trade in education services which, let us not

18 *Ibid.*

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forget, is still the most important in terms of turnover.

The establishment of a *commercial presence* can be hindered by the refused national authorities to recognise the foreign institution, and this includes not granting permission to issue qualifications. Measures designed to limit foreign investment can also become obstacles to the establishment of a foreign-owned institution. This issue was indeed central to the MAI negotiations. Among other obstacles limiting *commercial presence*, are nationality requirements, restrictions on the number of foreign teachers employed, the conditions concerning the use of resources, the existence of public monopolies and subsidies to national establishments, etc.

As for the free movement of teachers (*presence of natural persons*), it is often hindered by immigration regulations, nationality requirements, the recognition of qualifications and resource availability.

Lastly, *cross-border teaching* - given impetus by the NCITs boom - must conform with national regulations on distance learning. It is not hard to imagine the difficulties posed by the "grids" of requirements and course-equivalences, which often change from one country to another, as well as by the recognition of qualifications, which falls within the competence of the national (public) authorities.

Clearly, the struggle waged by the promoters of free trade in services, led by a group of major transnational corporations, is a long-term struggle. From this point of view, the conclusion of the GATS in 1994 is but a stage in a long process which aims to dismantle, one by one, the barriers blocking free trade in services. Therefore, the limited nature of the Agreement in comparison with the expectations expressed by its promoters in the course of the *Uruguay round* should be taken with a pinch of salt. The very fact that the education sector is now included in the discussions on trade liberalisation is in itself alarming. In this context, the fast approaching next round of talks - the *millenium round* - represents a formidable challenge for all those concerned about the future of public education.

Education in the sights of the GATS

As far as the education sector is concerned, the implementation of GATS is limited, for the time being, to member countries whose governments agreed, in 1994, to include this area in the Agreement, that is, some 40 countries out of a total of 143 WTO member countries (Table 3). It should be noted that the European Union is a member of the WTO, as indeed is each of its member states. For the purposes of the GATS, the European Union has submitted only one list of commitments for its member States as a whole[19], but these commitments may differ from one country to another.

19 With the exception of Sweden and Finland, who did not make any commitment in this area, and Austria, who submitted her own list.

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The governments that committed themselves in this area under the Agreement may limit the scope of application of the principles of *national treatment* and *most favoured nation*. Furthermore, concerning the restrictions on "commercial presence", the various States can retain some measure of control over the entry of foreign investors, market access and the mobility of persons.

On the other hand, the *standstill rule* stipulates that, once a country has made a commitment, it cannot introduce new restrictions on foreign service providers without giving some form of compensation to the countries affected by such protectionist measures. Furthermore, in accordance with the so-called rollback rule, it is expected that, as time goes by, member countries will open up their markets further, gradually lifting more and more restrictions on trade. Showing a rather cautious attitude, no government has yet opened up its education sector without any restrictions. Indeed, most OECD countries have preferred to retain a high degree of control over their respective sectors, but we may ask ourselves for how long this will continue to be the case.

TABLE 3
GENERAL AGREEMENT ON TRADE IN SERVICES:
SPECIFIC COMMITMENTS OF EACH COUNTRY
IN THE EDUCATION SERVICES SECTOR

Country	A	B	C	D	E
Australia		X	X		X
Austria	X	X		X	
Bulgaria	X	X		X	
Congo, PR			X		
Costa Rica	X	X	X		
Czech Republic	X	X	X	X	X
European Union*	X	X	X	X	
Gambia	X			X	X
Ghana		X			X
Haiti				X	
Hungary	X	X	X	X	
Jamaica	X	X	X		
Japan	X	X	X	X	
Lesotho	X	X	X	X	X
Liechtenstein	X	X	X	X	
Mali				X	
Mexico	X	X	X		X
New Zealand	X	X	X		
Norway	X	X	X	X	X
Panama	X	X	X		
Poland	X	X	X	X	
Rwanda				X	
Sierra Leone	X	X	X	X	X
Slovak Republic	X	X	X	X	X
Slovenia		X	X	X	
Switzerland	X	X	X	X	
Thailand	X	X		X	
Trinidad and Tobago			X		X
Turkey	X	X	X		X
United States				X	X
Total	**21**	**23**	**21**	**20**	**12**

Key:
A- Primary education services
B- Secondary education services
C- Higher education services
D- Adult education
E- Other education services

* Including all member countries with the exception of Austria, Sweden and Finland.

Source: WTO Secretariat.

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Table 3 summarises the commitments entered into by the GATS signatory countries to liberalise their education sector. It should be noted that, right from the start, this sector is one of those which governments have shown themselves particularly reluctant to open up. In fact, after the energy services sector, it is the one with the fewest number of commitments. It is noteworthy, however, that 13 of the 30 schedules include commitments in at least four of the five sub-sectors. An examination of the sub-sectors also shows that 21 signatories have made commitments for primary education, 23 for secondary education, 21 for higher education and 20 for adult education.

CONCERNING COMMITMENTS AND EXCEPTIONS

Only a more detailed examination of the list of specific commitments made by a given country as well as of its list of exemptions to the principle of MFN (most favoured nation) treatment can enable us to establish under what terms and conditions the GATS principles - access to the market, national treatment and MFN treatment - are applied in each country. In the commitments schedule, the commitments and limitations are indicated for each of the four modes of trade: cross-border supplies, consumption abroad, commercial presence and presence of natural persons.

A specific commitment included in a list concerning services is a commitment that has been made to grant market access and national treatment for the service activity in question under the terms and conditions indicated in the list. When it makes a commitment, a government therefore consolidates the indicated level of market access and national treatment and commits itself not to introduce new measures which would restrict entry to the market or the functioning of the service. Specific commitments thus have a similar effect to the consolidation of tariffs. They constitute a guarantee, for the economic operators of the other countries, that the conditions for accessing a market and operating in it will not be modified to their detriment.

On the other hand, the most favoured nation treatment is a general obligation which applies to all measures concerning trade in services. However, it has been agreed that specific measures incompatible with the MFN obligation can be maintained - in principle, for a maximum period of ten years and subject to a review after five years at the latest. These measures were included in a list of exemptions to the MFN treatment, submitted at the end of the Uruguay round multilateral trade negotiations.

Leaving aside the cases of Sierra Leone and Lesotho, the data also indicates that the scope of application of the GATS in the field of education is generally broader for industrialised and transition countries than for developing countries. The United States constitutes an exception in this respect, given that the only sub-sectors it has opened up to foreign competition are "Adult education" and "Other education services".

We should however avoid jumping to conclusions, as regards the degree of liberalisation achieved, on the sole basis of the commitments made by a country. To give an example, a detailed examination of Japan's schedule might lead us to believe that this country has decided to open up its adult education sector virtually with no restrictions. However, this is not the case. Since education in Japan is provided by recognised national institutions and, under national law, the latter must be founded by a non-profit-making organisation. This represents a real obstacle for any potential foreign suppliers. For Japan, this is an indirect but effective means of closing their doors to foreign competition.

Thus, in the course of the negotiations, certain countries have shown themselves more liable to adopt a protectionist stance than others. And, not surprisingly, the issue of subsidies was one of the most hotly disputed throughout the round of talks. What was at stake was nothing less than the abolition of public funding for national institutions, under pretext that this undermined free trade! Unable to reach a consensus, the member countries agreed to hold further talks on this sensitive issue. We can easily imagine the serious consequences such a measure would have had for many education systems.

Other questions, such as the establishment of national requirements in the area of education and vocational qualifications were also raised during these discussions. In accordance with Article VI of the GATS, it will henceforth become increasingly difficult for a signatory country to adopt new requirements of this kind. In fact, Article VI stipulates that new regulations should avoid hindering trade in services. If any requirements are considered to be discriminatory vis-à-vis foreign suppliers, they will most certainly be treated as non-tariff barriers and will be deemed to contravene the Agreement.

Of course, the means available to national governments to protect public education are still considerable. It may however be interesting to consider the extreme case of a country that agrees to implement the GATS in its education sector unreservedly. This was precisely the hypothetical assumption of a study conducted by Jane Kelsey, a professor at Auckland University in New Zealand[20]. Professor Kelsey concluded that, in such a scenario, the government would be unable to accord a differentiated treatment to foreign suppliers from any GATS member countries by restricting, in particular, any of the following factors:

- The number of suppliers of education services in a given subject area;
- The total value of education services per sub-sector;
- The overall number of institutions in a given sub-sector or subject area;
- The number of holders of degrees or other qualifications in a given sector by applying a quota system in a given subject area;
- The number of teachers in the higher-education sub-sector;
- The legal form of the partnerships that an education services supplier may adopt to implant itself in a given market;
- The share of the market held by foreign suppliers or the amount of authorised foreign investments, whether in terms of individual companies/persons or as regards the sector as a whole.

Such an opening-up of the education sector would give a free hand to a small number of transnational corporations specialising in education, who could establish subsidiaries wherever they pleased by using, for example, computerised, ready-made and standardised teaching modules. Such modules would likely be based on a single system of values and would project a single outlook on reality. The courses would be run by small units of highly mobile personnel who would travel from one country to another. As already happens in other sectors, a few large companies would compete for the spoils of the education market. Is all this nothing but science fiction? Unfortunately not. While admittedly this is an extreme scenario which some governments flatly reject, many national authorities are already coming under considerable pressure to give up the control they still exercise on education. Some governments, such as New Zealand's, have shown that they do not need much urging or convincing to open up their education sector completely and without any restrictions.

20 Jane Kelsey, *The Globalisation of tertiary education: implications of GATS*, in Michael Peters, Cultural Politics and the University, Dunmore Press, 1997.

New Zealand and the risky gamble of liberalisation

In view of the economic orientation of New Zealand's government, its decision to embark determinedly on the liberalisation of services was not particularly surprising. The case of New Zealand deserves to be examined here briefly as it constitutes a sort of experimental laboratory, a microcosm of the model that the champions of trade liberalisation are striving to establish on a global scale.

To begin with, let us recall that, in signing the GATS, the New Zealand government decided to make its private education sector (including primary, secondary and higher education) conform with the principle of national treatment, and to open it up to foreign competition. New Zealand's public education institutions, however, remain outside the Agreement's scope of application, even if one day they were to be privatised. This means that, in such a scenario, the government could still accord preferential treatment to the newly privatised institutions if they came into competition with foreign institutions.

In spite of this precaution, the government of New Zealand is among those who have opened up their market most. It should be pointed out that in New Zealand at the time, the signing of trade agreements did not require a formal mandate nor ratification by Parliament. Moreover, the latter's role was basically limited to passing the necessary laws to ensure that national legislation conformed with whatever new agreement or treaty had been signed[21]. This practice, which bypassed the normal democratic process and left citizens in the dark about issues which were undoubtedly of public interest, was of course not exclusive to New Zealand. But this did not make it any more acceptable.

The secrecy surrounding the whole process of negotiation of such agreements often represents a further obstacle for those who wish to bring the debate out into the open. Thus, for instance, when the New Zealand universities staff union tried to obtain information on the state of the GATS talks, it came up against a piece of legislation limiting access to information, namely the *Official Information Act*. In spite of all efforts, the requested information was not forthcoming until two weeks before the signing of the Agreement, much too late to be of any use.

Nevertheless, the dissemination of the contents of the talks and the holding of a public debate would have enabled a more thorough examination of the issues involved and made it possible to refute some of the government's arguments and positions, including, notably, the belief that liberalising trade in education services would enable New Zealand companies to expand on the vast global market. In fact, given the protectionist attitude displayed by the great powers, including the United States and Japan, it quickly became apparent that all this was wishful thinking. What's more, by leaving their markets wide open, small countries such as New Zealand run the risk of cutting their own throats. The loss of control over their education systems in favour of large transnational corporations is a very real possibility. How indeed can one compete with these commercial giants who benefit from all the advantages that access to a vast market can provide and who make no bones about using them?

21 *Ibid.* p. 76.

The government of New Zealand also mistakenly argued that the GATS talks only concerned international trade in services and had no impact on national education policies. However, just like other major trade and investment agreements, by encouraging the internationalisation and export of education services, the GATS is inextricably linked to national policies. The liberalisation of international trade, as we know, is predicated on an economic environment in which privatisation and deregulation are essential prerequisites. In fact, an overview of the latest reforms and policies adopted by the government of New Zealand in the education sector would show their many interfaces and complementarities with the foreign-oriented economic strategy advocated by the selfsame government.

Funding: a key issue

We have seen that the GATS draws a distinction between services financed and provided under the government's authority (with no commercial aims) and those financed and provided by the private sector. Consequently, the opening up of the national education markets with a view to building a vast international market, unified and based on competition, is seen to be assisted theoretically by an increase of private operators in this sector. Hence the importance of following the development of the relative share of the public and private sectors in terms of funding, management, ownership and entitlement. It is the financial dimension we shall focus on here.

As is well known, in many countries the issue of the sharing of education costs between the individual and society is hotly debated. Rightly or wrongly, there is widespread criticism of the public sector, and this strengthens the trend towards privatisation and deregulation. In this respect it is apparent that even if education remains an essentially public activity, it includes an increasingly important element of private funding. Some limited data published by the OECD[22] suggests that private sources account for a significant proportion of the funding of educational establishments, ranging from 3% or less in Italy, Sweden and the Netherlands to over 18% in Germany and Australia. In Chile, the proportion is no less than 45 per cent.

To obtain a more faithful picture of reality, however, we must take account of the transfer of funds from the public sector to the private sector. These can assume the form of grants paid to individual establishments or to students to cover academic fees. In the case of the OECD countries, and for all levels of education taken together, public funding - before any transfers to the private sector - accounted for 91% of the overall funding of education in 1995 (see Table 4). After the above-mentioned transfers, the proportion drops to 86 per cent. Correspondingly, the proportion of private funding rises from 9 to 14 per cent. Furthermore, the breakdown of the figures by education level shows that primary and secondary education were financed by the private sector at a rate of 9%, whilst in the case of higher education the proportion was 25 per cent.

22 OECD, *Education at a glance: OECD indicators*, (Centre for educational research and innovation, Paris 1998).

TABLE 4
PERCENTAGE DISTRIBUTION OF PUBLIC AND PRIVATE SOURCES OF FUNDING BEFORE AND AFTER ANY TRANSFERS FROM PUBLIC SOURCES, BY LEVEL OF EDUCATION (OECD COUNTRIES 1995)

	Before transfers* from public sector		After transfers from public sector	
Education level	Public funding	Private funding	Public funding	Private funding
Primary and secondary	93	7	91	9
Higher	86	13	75	25
All levels	91	9	86	14

* In the form of grants to students and private establishments.

Source : Extract from Table B3.1 of Education at a glance: the OECD indicators, 1998.

In fact, it is in higher education that the most spectacular changes have taken place. The explosion of demand has made the question of funding even more urgent. As financial pressures intensified, we have witnessed an increase in fees, charges and contributions almost everywhere, in addition to new costs that must be borne by the students. New financing mechanisms have been set up and the private sector has been called upon to make a relatively more substantial contribution. As a result of this, the funding structure for higher education has diversified significantly in many countries[23]. Public authorities no longer conceal their wish to develop competition in the "higher education market", or even to realise a profit from an activity which until recently was still considered a public good.

NEW FUNDING SCHEMES IN HIGHER EDUCATION

Here are some of the new schemes - as observed in several countries - which contribute to diversifying the structure of funding in higher education:

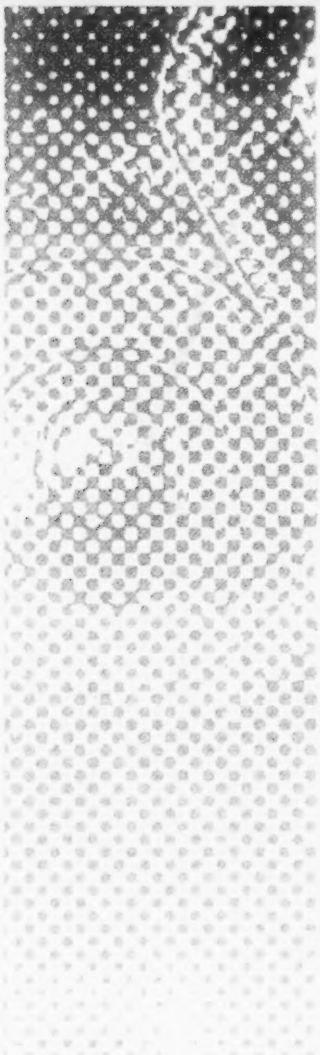
- **The level of the student's contribution depends on the subject studied (Australia);**
- **Fees established by individual institutions (New Zealand);**
- **Fees subject to means assessment (United Kingdom);**
- **Grants limited to a pre-established period (Netherlands);**
- **Reimbursement scheme depending on income (Australia, Netherlands, New Zealand, Sweden, etc.);**
- **Tax rebates for higher education (United States).**

In this respect, the decade of the 90's was a period of major reforms in universities and other higher education establishments in many countries. As Bruce Johnstone underlines in a paper drafted in preparation for the UNESCO World Conference on Higher Education (1998), this tendency is remarkable in that it is generalised and follows a similar pattern in very different countries[24]. According to Johnstone, five major changes are apparent: expansion and diversification, financial pressures, the increasing importance of market-oriented solutions, the demand that educational establishments and teachers be more accountable to users and society at large and, lastly, higher quality and effectiveness standards.

The general climate of austerity and the widespread adoption of a neoliberal outlook by decision-makers have opened the door to private companies in the role of saviours of a sector which is

23 Cf. OECD, *Education policy analysis*, Centre for educational research and innovation, Paris 1998.

24 Bruce Johnstone, with Alka Arora and William Experton, *The Financing and Management of Higher Education: The State of Reforms Worldwide*, World Bank, 1998.



basically perceived as going through a deep crisis [25]. To sum up the situation, the key question, which more and more people are pondering, is: are we witnessing the setting up of a globalised private market in higher education?

One thing is certain, given that this trend is likely to continue into the next century: the WTO-led movement for the liberalisation of international trade in services will have major repercussions on the future of higher education and, more generally, of public education. It is in this context that we must place the forthcoming *millennium round* to fully grasp its significance.

The *millennium round*: what is at stake for public education?

Against the background of a globalisation process in full swing, the ever increasing trend towards the internationalisation of education is a reality we must learn to live with. Promoted by soaring demand and by the development of a new and increasingly attractive "market", trade in education services is a rapidly expanding phenomenon continually assuming new forms. Its liberalisation therefore raises many questions and has many implications which cannot but concern all those who believe that public education contributes to equal opportunities and is essential to social progress.

Although the signing of the GATS in 1994 by the WTO member countries was aimed primarily at establishing a framework for future rounds of negotiations, it is apparent that some significant steps have already been taken towards the liberalisation of trade in services in the intervening period. We should therefore regard the GATS as the first stage in the setting up of mechanisms leading to a much higher degree of liberalisation. As regards education, it should be stressed that some 40 countries have given the go-ahead to a partial opening of their markets, thus suggesting the possibility that, in future, education systems might become increasingly subjected to an entrepreneurial logic.

Furthermore, considering the customary outlook of the forces operating within the framework of the WTO, we can easily imagine that the inclusion of education under the heading "trade in services" has not been carried out to allay the fears of those who oppose the gradual dismantling of public education. Rather, the launching of the *millennium round*, which will again reopen the debate on all issues, points towards an increased subordination of education systems to the requirements of private companies - and to the spate of privatisation and deregulation this process entails. Is it not high time, before proceeding any further along the path of liberalisation, to draw a comprehensive balance sheet of the effects of opening up markets on education which until very recently was still considered a basic public service? To date, we have no overall assessment of the impact that the commitments made by the countries who included education in their schedules may have had in this sector. Even worse, there is no comprehensive data available on the four forms of international trade in education services which the WTO is nevertheless striving to liberalise!

However, the massive import of higher education services by South-East Asia gives some idea of the harmful consequences

25 World Bank, *Higher Education. Lessons from Experie*, 1994.

which a hasty opening of the markets could have: increased dependence on foreign educational resources, acculturation - in many countries - caused by the use of a foreign language for teaching, a tendency to the standardisation of education and, lastly, a certain curtailment of sovereignty. In this connection, we can also ask ourselves what will be the impact of the liberalisation of international trade in education services on the quality and supply of these services in developing countries. Given the existence of huge disparities between countries, is the idea of placing national education systems in a competitive situation not tantamount to selling out the education systems in the weakest countries to a handful of large transnational corporations?

Furthermore, the increasingly widespread use of the NCITs in education - a development which can potentially benefit students - must now be analysed in the light of the growing pressure towards the liberalisation of trade in services. Indeed, it will be much more difficult, in such a context, to ensure that these technologies are used the for benefit of the majority rather than to augment the profits of private companies. The danger of ending up with a "mechanised", uniform education system should not be underestimated[26]. The development of employment in the education sector - particularly in higher education - may also be significantly affected by the (inevitable?) spread of cross-border education services. With the multiplication of individual employment contracts which this trend entails, job insecurity is undoubtedly a risk we must guard against.

The increased liberalisation which would naturally result from the renegotiation of the GATS - as regards services in general and education in particular - also raises a number of questions concerning the future role of the State as a provider of services, regulatory legislation and funds. By leaving private operators a clear field and endorsing the transfer of arbitration procedures to an organisation such as the WTO, governments have already effectively created a social deficit through the complete surrender of public responsibilities and powers which directly concern social development. This applies as much to education as to other programmes and measures which fall within the competence of public authorities.

At the same time, there is every reason to be seriously concerned about the democratic deficit which is progressively deepening as what effectively amounts to a covert world government is built step by step on the basis of the economic, financial and business interests of a handful of large corporations. On the one hand, the secrecy which surrounds the negotiations of these major trade agreements very often results in the main players concerned, including entire populations, being faced with a "fait accompli", in which they have had no say. On the other hand, the colossal power that these agreements usually confer on a few economic operators dramatically restricts the scope for political and socially-oriented action in determining major choices which concern society as a whole.

It should be remembered that the same criticisms were raised at the time of the debate on the MAI[27], which, incidentally, seems

26 See on this point Michael Gibbons, *Higher Education in the Twenty-First Century*, World Bank, 1998.

27 See Dorval Brunelle and Christian Deblock, *L'accord multilateral sur l'investissement et les stratégies de globalisation (The Multilateral Agreement on Investment and Globalisation Strategies*, Research Group on Continental Integration, University of Quebec, Montreal, 1998.

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to be set for a comeback, judging from the persistent rumours circulating to this effect. At any rate, it is certain that, if the former WTO Director General Renato Ruggiero had his way, the idea of concluding an agreement on the liberalisation of trade and investments would be relaunched at the Third Ministerial Conference of the WTO, which will be held in Seattle on 30 November 1999[28]. This is another cause for concern among the supporters of public education, who - let us recall - had good reasons to be worried before the talks on the MAI came to a standstill.

Whether of a societal or sectoral nature, some of the issues raised by the GATS negotiations are the same as those underlying the MAI: loss of sovereignty on the part of nation-states; how to preserve the ability of governments to protect the social security system and national culture; the future of public services in the context of the liberalisation of trade and investments, etc. As far as the education sector is concerned, it is the very existence of education as a public service which might be at stake sooner or later. Clearly, these issues have implications for the nature of education in general and for the working conditions of teachers and education workers in particular, and therefore concern the latter directly.

Consequently, these issues must also be tackled, as a matter of priority, by the trade unions which organise the workforce in the public services and, more specifically, in the education sector. In the coming months and years (WTO negotiation rounds are often very long), trade unions will have to monitor the development of these talks very closely.

For its part, Education International will have to make a full assessment of the situation. The major orientations followed by the WTO, particularly through the GATS negotiations, could rapidly turn into a direct attack on the fundamental principles which EI upholds and which are the reason for its existence. Albeit without explicitly referring to the GATS, the delegates to EI's Second World Congress in Washington were keenly aware of the threat posed by these developments. The resolutions adopted at EI's Congress[29] addressed practically all of the issues raised by the GATS. They called both for vigilance and action and urged EI to oppose the WTO's plans, which were recognised as being potentially fatal to social development and public education.

We hope this outline of the implications of the GATS for the education sector has provided a useful overview of the situation. However, a sustained effort will be required to reach a better understanding of the commitments made by each member country. Major trade agreements, as should by now be apparent to all, have repercussions in every area of collective life and therefore there is no reason for them to remain the exclusive domain of technocrats, be they in the employ of the WTO, national governments or transnational companies. These plans concern all social players and must be debated openly and democratically. As the WTO-sponsored Millennium Round and the attendant GATS

28 Philippe Regnier, *La "clause sociale" pourrait faire un très timide retour à l'OMC*, Le Soir, 19 February 1999.

29 Specifically those on The International Labour Organization; The World Trade Organization and the globalization of the economy; The global economy and education; The Information revolution and education; and Higher education and research. See *Highlights from the second world Congress of Education International*, Washington D.C., USA, 1998.

negotiations get under way, EI will deepen its analyses, fine-tune its strategies and implement effective actions to ensure that the aim of protecting and promoting public education is placed high on the social and political agenda.

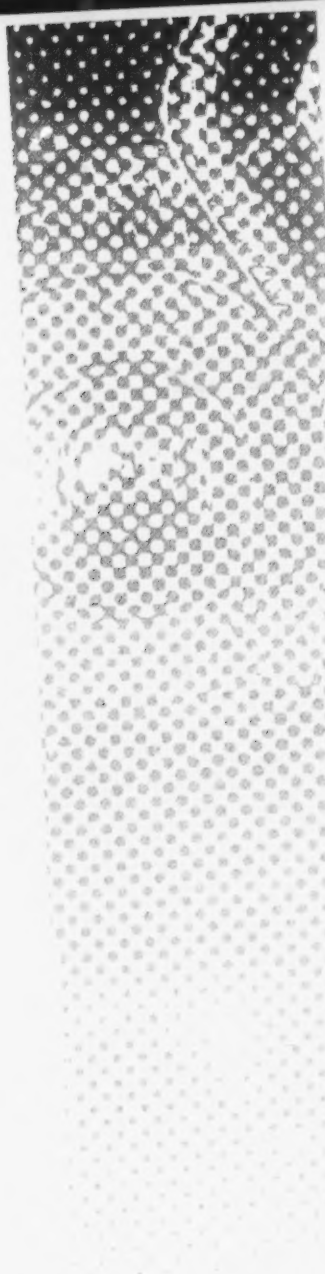
ANNEX I

EDUCATION SERVICES IN THE GATS SCHEDULING GUIDELINES

Sectoral classification	Definition / coverage
Primary education services	Pre-school education services : Pre-primary schooling education services. Such education services are usually provided by nursery schools, kindergartens, or special sections attached to primary schools, and aim primarily to introduce very young children to anticipated school-type environment. Exclusion : Child day-care services are classified in subclass health and social services Other primary education services : Other primary school education services at the first level. Such education services are intended to give the students a basic education in diverse subjects, and are characterised by a relatively low specialization level. Exclusion : Services related to the provision of literacy programmes for adults are classified in subclass Adult education services.
Secondary education services	General secondary education services : General school education services at the second level, first stage. Such education services consist of education that continues the basic programmes taught at the primary education level, but usually on a more subject-oriented pattern and with some beginning specialization. Higher secondary education services : General school education services at the second level, second stage. Such education services consist of general education programmes covering a wide variety of subjects involving more specialization than at the first stage. The programmes intend to qualify students either for technical or vocational education or for university entrance without any special subject prerequisite. Technical and vocational secondary education services : Technical and vocational education services below the university level. Such education services consist of programmes emphasizing subject-matter specialization and instruction in both theoretical and practical skills. They usually apply to specific professions. Technical and vocational secondary school-type education services for handicapped students : Technical and vocational secondary school-type education services specially designed to meet the possibilities and needs of handicapped students below the University level.
Higher education services	Post-secondary, technical or vocational services : Post-secondary, sub-degree technical and vocational education services. Such education services consist of a great variety of subject-matter programmes. They emphasize

	teaching of practical skills, but also involve substantial theoretical background instruction. Other higher education services : Education services leading to a university degree or equivalent. Such education services are provided by universities or specialised professional schools. The programmes not only emphasize theoretical instruction, but also research training aiming to prepare students for participation in original work.
Adult education	Adult education services n.e.c.: Education services for adults who are not in the regular school and university stem. Such education services may be provided in day or evening classes by schools or by special institutions for adult education. Included are education services through radio or television broadcasting or by correspondence. The programmes may cover both general and vocational subject. Services related to literacy programmes for adults are also included. Exclusion : Higher education services provided within the regular education system are classified in subclass (post-secondary technical and vocational education services) or in subclass other higher education services.
Other education services	Education services at the first and second levels in specificsubject matters not elsewhere classified, and all other education services that are not definable by level. Exclusions : Education services primarily concerned with recreational matters. Education services provided by governess or tutors employed by private households.

Source: United Nations, Provisional Central Classification, 1991.



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